

Public Hearing – February 24, 2022
Energy & Technology Committee

Testimony Submitted by Commissioner Katie S. Dykes

S.B. No. 90 - An Act Concerning Consultant and Procurement Authority for the Department of Energy and Environmental Protection

Thank you for the opportunity to present testimony regarding **Senate Bill No. 90 - An Act Concerning Consultant and Procurement Authority for the Department of Energy and Environmental Protection**. DEEP appreciates the Committee's willingness to raise this bill at the Department's request. The purpose of this bill is to provide a technical revision of Section 3 of Public Act 21-53 to add language that is consistent with other energy procurement statutes, allowing for the Department of Energy and Environmental Protection (DEEP) to direct the electric distribution companies (EDCs) to enter into power purchase agreements (PPAs) for energy associated with the energy storage procurements pursuant to said section, and to allow DEEP to hire a consultant to evaluate proposals submitted pursuant to said section. It also authorizes DEEP to utilize the services of a consultant in the preparation of its Comprehensive Energy Strategy (CES).

DEEP **supports** this bill because it ensures DEEP can contribute to Connecticut's energy storage deployment goals established pursuant to Public Act No. 21-53 (PA 21-53 or Act), and it provides DEEP access to the specialized expertise necessary for reviewing front-of-the-meter energy storage projects and in fulfilling its statutory duty to develop a CES.

DEEP initiated an energy storage proceeding on October 7, 2021, pursuant to Section 3 of PA 21-53, which provides DEEP the authority to issue a request for proposals (RFP) for energy storage projects, in furtherance of the 1,000 MW statewide storage goal and the Integrated Resource Plan, which found that the state needs to procure at least 800MW and up to 1,600 MWs¹ of storage to meet a 2040 zero carbon electric sector goal.² Upon review of Section 3 of PA 21-53, DEEP identified the need for a consultant and for the authority to direct the EDCs to enter an agreement with energy storage facilities after a procurement is conducted. This bill remedies this oversight from Section 3 of PA 21-53 by adding language that is typical of energy procurement statutes. The EDCs must have an agreement in place with the storage systems to ensure that the projects function in a manner that achieves the goals of the procurement. The revisions to Section 3 of PA 21-53 will allow DEEP to direct the EDCs to enter into such agreements, which agreements will then be subject to review by the Public Utilities Regulatory Authority (PURA). The bill also adds the ability for DEEP to utilize the services of a consultant

¹ The range depends on a variety of factors including the pace of building and transportation electrification and whether Millstone retires or not.

² See DEEP's [Notice of Proceeding](#), PUBLIC ACT 21-53 – SECTION 3 – ENERGY STORAGE, Oct. 7, 2021.

in analyzing the energy storage proposals received pursuant to this Act. The need for such services is due to the highly technical and specialized review necessary for energy procurement proposals and to ensure the procurement will deliver the benefits of energy storage that are most valuable for Connecticut ratepayers.

While this was an agency-submitted bill, DEEP requests one language change. The current language is drafted to mirror other DEEP procurement authority, which is used to procure the energy, capacity, environmental attributes, and/or associated transmission from Class I renewable resources. However, any resulting agreement between the utilities and storage developers will likely be slightly different from a typical power purchase agreement (PPA) for Class I renewables. The agreement with storage developers will need to be structured to ensure that the facilities are operated in a manner that achieves the necessary policy goals, for example, during specific performance times, which is an element of performance outside of the traditional scope of “energy, capacity, any associated transmission...or environmental attributes.” To ensure that the agreements take the appropriate form, DEEP asks that the language in section (c) be amended to read:

“(c) The commissioner may direct the electric distribution companies to enter into [power purchase] agreements [for energy, capacity, any transmission associated with such energy, or environmental attributes, or any combination thereof, associated with proposals] with selected proposals pursuant to this section, for periods of not more than twenty years on behalf of all customers of the state's electric distribution companies. [Certificates issued by the New England Power Pool Generation Information System for any Class I renewable energy procured by an electric distribution company pursuant to this section may be: (1) Sold into the New England Power Pool Generation Information System renewable energy credit market to be used by any electric supplier or electric distribution company to meet the requirements of section 16-245a, provided the revenues from such sale are credited to electric distribution company customers as described in this section; or (2) retained by the electric distribution company to meet the requirements of section 16-245a. In considering whether to sell or retain such certificates, the company shall select the option that is in the best interest of such company's ratepayers.]”

The bill would also provide DEEP with the authority to utilize the services of a consultant, if staff expertise needs to be supplemented, in its development of the Comprehensive Energy Strategy (CES). Pursuant to C.G.S. § 16a-3d, DEEP is required to develop a Comprehensive Energy Strategy every four years that examines future energy needs in the state and identifies opportunities to reduce costs for ratepayers, ensure reliable energy availability, and mitigate public health and environmental impacts of Connecticut’s energy use, such as greenhouse gas (GHG) emissions and emissions of criteria air pollutants. Consultant support is needed to address emerging and complex issues that may be outside the scope of staff expertise. Similar to its work in developing the Integrated Resources Plan, this language would permit DEEP to recover the reasonable costs associated with the development of the CES through the assessment on regulated companies pursuant to section 16-49.

Thank you for the opportunity to present testimony on this proposal. Should you have any questions, please do not hesitate to contact the Department's Legislative Liaison, Harrison Nantz at Harrison.Nantz@ct.gov.